

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY,

Debtor.

PROMESA

Title III

No. 17 BK 3567-LTS

**VERIFIED STATEMENT OF
THE HTA INSURED BONDHOLDER GROUP PURSUANT
TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 2019**

Pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rule 2019”), and the *Order Further Amending Case Management Procedures* (the “Case Management Order”) [Case No. 17-3283, Dkt. No. 20190], this verified statement (the “Statement”) is submitted by certain holders (the “HTA Insured Bondholder Group”) of bonds (“Bonds”) issued by the Puerto Rico Highways and Transportation Authority (“HTA”) and

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

insured by Assured Guaranty Corp. and Assured Guaranty Municipal Corp. (the “Insured Bonds”), in connection with the case (“HTA Title III Case”) commenced by the above-captioned debtor on May 21, 2017 under Title III of PROMESA.

In support of the Statement, the HTA Insured Bondholder Group respectfully states as follows:

1. As of the date of this Statement, in this Title III Case, the undersigned represent the HTA Insured Bondholder Group (each holder in the HTA Insured Bondholder Group,

a “Member”).

2. In July 2022, certain funds managed or advised by Franklin Advisers, Inc. (“Franklin”), and Nuveen Asset Management, LLC (“Nuveen”) engaged Kramer Levin Naftalis & Frankel LLP (“Kramer Levin”) to advise them in their capacity as holders of the Insured Bonds in connection with the Title III Case and prosecute a limited objection to confirmation of the HTA plan of adjustment (the “Representation”).²

3. The Members of the HTA Insured Bondholder Group hold, or are the investment advisors or managers of funds or accounts that hold, approximately \$350 million in aggregate principal amount of Insured Bonds as of July 27, 2022. In accordance with Bankruptcy Rule 2019 and the Case Management Order, the address and nature and amount of all disclosable economic interests for each Member is set forth in Exhibit A. The information contained in Exhibit A is based upon information provided by the Members to Kramer Levin and is subject to change.

4. Each Member of the HTA Insured Bondholder Group (a) does not assume any fiduciary or other duties to any other creditor or person and (b) does not purport to act, represent or speak on behalf of any other entities in connection with the HTA Title III Case.

² In addition to the Representation, Kramer Levin also represents certain entities, including certain Members and still other non-Members, in connection with debt issued by the Commonwealth of Puerto Rico and its instrumentalities other than HTA, including other issuers that are debtors under PROMESA Title III cases pending in this Court. Kramer Levin continues to represent funds and/or accounts managed or advised by Invesco Advisers, Inc. (“Invesco”) in connection with Invesco’s investments in bonds issued by the Commonwealth of Puerto Rico and its instrumentalities, including HTA. Invesco is not a Member of the HTA Insured Bondholder Group.

5. Nothing contained in this Statement (or Exhibit A hereto) is intended to or should be construed to constitute (a) a waiver or release of any claims filed or to be filed against or interests in HTA held by any Member, its affiliates or any other entity, or (b) an admission with respect to any fact or legal theory. Nothing herein should be construed as a limitation upon, or waiver of, any rights of any Member to assert, file and/or amend any proof of claim in accordance with applicable law and any orders entered in these cases.

6. The undersigned verify that the foregoing is true and correct to the best of their knowledge.

7. The undersigned reserve the right to amend or supplement this Statement.

I HEREBY CERTIFY that I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will notify case participants.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, July 29, 2022.

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Counsel for the HTA Insured Bondholder Group

Exhibit A

Name of Creditor ¹	Address	Debtor	Nature and Amount of Disclosable Economic Interest ²		
			Bonds ³		
Franklin Advisers, Inc., on behalf of accounts managed or advised by it.	One Franklin Parkway, San Mateo, CA 94403	HTA (Puerto Rico Highways and Transportation Authority)	Hwy Rev 2007 CC Trans Hwy Rev 2005 L Trans Rev 2007 N Total	\$55,975,000 98,385,000 34,070,000 <u>\$188,430,000</u>	(Insured) (Insured) (Insured)
		PREPA (Puerto Rico Electric Power Authority)	Power Rev 2007 UU Power Rev 2007 VV Power Rev Series 2008 WW Power Rev Series 2010 XX Power Rev Series 2012 A Power Rev Series 2013 A Power Rev Series 2016 A-4 Power Rev Series 2016 B-4 Power Rev Series 2016 E-4 Power Rev Series E-1 Power Rev Series E-2 Power Rev Series E-3 Total	\$5,000,000 31,985,000 36,580,000 62,980,000 48,925,000 151,485,000 7,101,766 7,101,765 2,589,499 7,768,493 7,768,493 2,589,500 <u>\$371,874,516</u>	(Insured) (Insured)

¹ Each entity listed holds disclosable economic interests, or acts as investment advisor or manager to funds and/or accounts or their respective subsidiaries that hold disclosable economic interests, in relation to the Debtors.

² To the best of counsel's knowledge, the information included herein is accurate as of July 27, 2022. The amounts set forth herein include only outstanding principal and do not include overdue interest, interest on overdue interest and principal, premium, and accrued interest or other amounts that may be owing under the applicable debt documents and laws. In addition, the amounts set forth herein do not include any disclosable economic interests that are subject to pending trades or other transfers that have not settled or otherwise been closed as of July 27, 2022.

In addition to the disclosable economic interests listed below, it should be noted that pursuant to paragraph 12 of the Amended Order and Judgment Confirming the Third Amended Title III Plan of Adjustment of COFINA (the "COFINA Plan"), Case No. 17-3284 [ECF No. 561], all COFINA bonds were canceled on February 12, 2019. Members of the HTA Insured Bondholder Group may hold new COFINA securities issued under the COFINA Plan.

In addition to the disclosable economic interests listed below, it should be noted that pursuant to paragraph 28 of the Order and Judgment Confirming Modified Eight Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, the Employees Retirement System of the Government of the Commonwealth of Puerto Rico, and the Puerto Rico Public Buildings Authority (the "Commonwealth Plan"), Case No. 17-3283 [ECF No. 19813], all GO, ERS, and PBA bonds were canceled on March 15, 2022. Members of the HTA Insured Bondholder Group may hold new securities issued under the Commonwealth Plan.

³ With respect to any Capital Appreciation Bonds ("CABs") held by the members, the amounts disclosed consist of the CABs at their accreted principal amount, calculated as of July 27, 2022, and not the amount due upon maturity.

Name of Creditor ¹	Address	Debtor	Nature and Amount of Disclosable Economic Interest ²		
			Bonds ³		
Nuveen Asset Management, LLC, as investment adviser on behalf of certain funds/accounts, severally and not jointly.	333 W Wacker Dr. Chicago, IL 60606	HTA (Puerto Rico Highways and Transportation Authority)	PUERTO RICO HWY REV 07CC	4,825,000	(Insured)
			PUERTO RICO HWY TRANSN REV 04J	600,000	(Insured)
			PUERTO RICO HWY TRANSN REV 98A	25,000	(Insured)
			PUERTO RICO HWY TRANSN REV 07N	75,915,000	(Insured)
			PUERTO RICO HWY TRANSN REV 05L	80,225,000	(Insured)
			Total	\$161,590,000	
		PREPA (Puerto Rico Electric Power Authority)	PUERTO RICO ELEC PWR AUTH REV 12A	\$128,973,000	
			PUERTO RICO ELEC PWR AUTH REV 13A	82,228,000	
			PUERTO RICO ELEC PWR AUTH REV 03NN	8,980,000	
			PUERTO RICO ELEC PWR AUTH 16A-4-RSA-1	1,000,000	
			PUERTO RICO ELEC PWR AUTH REV 16C-4	2,000,000	
			PUERTO RICO ELEC PWR AUTH REV 05RR	1,270,000	
			PUERTO RICO ELEC PWR AUTH REV 05SS	1,860,000	
			PUERTO RICO ELEC PWR AUTH REV 07TT	111,977,000	
			PUERTO RICO ELEC PWR AUTH REV 07UU	305,000	
			PUERTO RICO ELEC PWR AUTH REV 07VV	30,935,000	(Insured)
			PUERTO RICO ELEC PWR AUTH REV 08WW	85,835,000	
			PUERTO RICO ELEC PWR AUTH REV 10XX	120,850,000	
			PUERTO RICO ELEC PWR AUTH REV 10ZZ	92,964,000	
			PUERTO RICO ELEC PWR AUTH REV 10AAA	110,765,000	
			PUERTO RICO ELEC PWR AUTH REV 10YY BAB	133,100,000	
			PUERTO RICO ELEC PWR AUTH REV 10CCC	78,746,000	
			PUERTO RICO ELEC PWR AUTH REV 10DDD	8,565,000	
			Total	134,465,000	
				\$1,134,818,000	